

Today's cattle rustler unlikely to round up herd in dark of night

10-3-91 ■ Modern crime:

Thieves involved in phony investment schemes, bad checks, illegal sales.

WASHINGTON (AP) — Today's cattle rustlers no longer wait for new moons and inky night skies to rope an unsuspecting herd.

Instead, they have dropped their chaps and lariats to engage in a lucrative white-collar crime with phony investment schemes, bad checks or illegal sales at livestock auctions.

They even use cattle sales to launder drug money, an investigator says.

Producers and investors may be losing millions of dollars, according to ranchers, law officers and a lawmaker who is investigating the apparent increase in modern-day cattle rustling and the government's response.

"We've still got the old rustling — that may be glorified in the West of the past — but in addition, we've got the white-collar crime and a certain amount of this new activity with laundering drug money by buying cattle," said Jack Sedgwick, administrator of the brand enforcement division at the Montana Department of Livestock.

"All of a sudden, we have more of this white-collar fraud," added Jody Henderson, special assistant to the general manager of the Texas and Southwestern Cattle Raisers Association.

A case announced this week by the Agriculture Department's Packers and Stockyards Administration illustrates the kind of money at stake.

The agency's deputy administrator, Calvin W. Watkins, said three partners in a Texas company were charged with failing to pay for more than \$640,000 worth of livestock. They were accused in a federal administrative complaint of using bad checks.

Henderson said authorities in Texas and Oklahoma recovered \$1.8 million in stolen cattle last year and \$4 million in 1989.

The Packers and Stockyard Administration, which celebrated its 70th anniversary last month, is responsible for enforcing the Packers and Stockyards Act, an anti-trust, fair trade practice and payment protection law. It is designed to assure free and open competition and to prevent unfair and deceptive practices in the marketing of livestock, meat and poultry.

Rep. Charles Stenholm, D-Texas, chairman of the House Agriculture subcommittee on livestock, is investigating the agency's ability to protect producers and investors from today's swindlers.

He believes a cattle-rustling case

now under investigation could show a "breakdown" in the regulatory process.

"I hope to be asking questions on what we think happened . . . why the protections we have in place were not adequate," Stenholm said.

Harold Davis, director of the livestock marketing division at the agency, confirmed an investigation is under way but refused additional comment.

Davis said, however, there are no indications that illegal cattle dealing is any more prevalent today than over the past 10 years.

Stenholm said he is concerned about whether the Packers and Stockyards Administration has the muscle and the authority to police illegal livestock sales, and he plans hearings on the issue.

"I want to see, in this new modern livestock world, what should be the responsibility of the federal government in the area of oversight regulation," he said.

One problem cited by Stenholm is producers who are not paid for their cattle. With stockyard prices running around \$70 per 100 pounds, a typical steer may fetch \$700 to \$800.

Stenholm said there have been instances when a cattle owner entrusted a herd to someone who is supposed to care for the animals but then sold them illegally.

"We're supposed to be able to keep that from happening," Stenholm said. "We have reason to believe the system is not working as well as it should. If it occurs at a livestock auction, certain questions have to be raised — why didn't (Packers and Stockyards) catch it, why didn't you question the brands."

Another technique used by rustlers involves kiting checks to pay for cattle. By the time the bad check clears, said Henderson and Sedgwick, the buyer and the herd are miles away, often in another state where brands may not be carefully checked.

Sedgwick and Henderson said they're also familiar with another relatively new cattle rustling scheme — selling cattle that exist only on paper to out-of-state investors.

A group of Denver investors was duped when it decided to buy out-of-state cattle that Sedgwick believes never existed. When the investors took charge of their herd, they discovered that 6,000 head were missing in Montana and South Dakota.

Sedgwick said his Montana livestock agency is also poised to open several investigations into cattle sales apparently financed with illegal drug profits.

"It's becoming a problem," he said. "There's no question in my mind about it."